

A REPORT TO THE  
President of the Senate  
Speaker of the House of Representatives



# THE STATUS OF THE TELECOMMUNICATIONS ACCESS SYSTEM ACT OF 1991

PREPARED BY  
The Florida Public Service Commission

DECEMBER 2006

## TABLE OF CONTENTS

Terms and Acronyms.....	3
I. Executive Summary .....	6
Table A -Financial Report.....	7
Table B - Equipment Distribution History.....	7
Table C - New Recipients of Equipment and Training.....	8
Table D - Surcharge Level History.....	8
II. Recent Developments of the Telecommunications Access System.....	9
III. Distribution of Specialized Telecommunications Equipment.....	11
Table E – Equipment Distributed by FTRI .....	11
IV. Relay Calling Volume .....	12
V. Advisory Committee.....	12
Table F - TASA Advisory Committee.....	12
VI. Federal Activities.....	14
VII. Conclusion.....	15
APPENDIX A – FTRI Budget for 2004-05 and 2005-06 Fiscal Years.....	17
APPENDIX B – FTRI Annual Report to the Florida Public Service Commission.....	19
APPENDIX C – Florida Relay Service Information – Sprint.....	40
APPENDIX D – Commission Supplemental Comments Filed with the FCC.....	50

## TERMS AND ACRONYMS

*Since many terms and organizations are referenced throughout this report, the following explanations should assist the reader.*

**ADMINISTRATOR** - A nonprofit corporation [427.704(2), F.S.] created by the local exchange telephone companies pursuant to Commission Order No. 24462, dated May 1, 1991.

This nonprofit corporation was created in June 1991, and is known as the Florida Telecommunications Relay, Inc. (FTRI). The FTRI has three basic roles: (1) to collect the surcharge revenues from the local exchange telephone companies and pay the relay service provider [427.705(1)(d)&(g), F.S.], (2) to distribute and maintain specialized telecommunications devices [417.705(1)(a), F.S.], and (3) to provide community outreach and training on use of the relay service and specialized telecommunications devices [427.705(1)(a)-(b), F.S.]. FTRI's office is located in Tallahassee.

**ADVISORY COMMITTEE** - A group of up to ten individuals recommended by various organizations representing both the telephone industry and individuals with hearing, speech, or dual sensory impairment (427.706, F.S.) The Advisory Committee's role is to provide input to both the FPSC and the Administrator on the development and operation of the Telecommunications Access System. The Advisory Committee has been actively involved in the implementation of TASA since May 1991. The Advisory Committee meets with the Commission staff regularly and makes presentations before the Commission.

**ARS** (Audible Ring Signaler) – A signaler with a ring volume up to 95 decibels which rings when the telephone rings. When the ringer is turned off, a light will still flash when the phone rings.

**ASCII** - An acronym for American Standard Code for Information Interexchange which employs an eight bit code and can operate at any standard transmission baud rate including 300, 1200, 2400, and higher. Baud rate is a measure of how fast data is moving between instruments that use serial communication. The standard ASCII character set consists of 128 decimal numbers ranging from zero through 127 assigned to letters, numbers, punctuation marks, and the most common special characters. Computers use ASCII code, while most TDDs use Baudot which has a fixed baud rate of 45.45.

**Baudot** - A seven bit code, only five of which are information bits. Baudot is used by some text telephones to communicate with each other at a 45.5 baud rate.

**CA** – A Communications Assistant transliterates or interprets conversation between two or more end users of telecommunications relay service. CA supersedes the term "TDD operator."

**CapTel** – A captioned telephone service which uses a telephone that looks similar to a traditional telephone but also has a text display that allows the user, on one standard

telephone line, to listen to the other party speak and simultaneously read captions of what the other party is saying.

**COC** – Carrier of Choice

**Dialogue RC 200** – A phone which has voice activated answering, designed for people with any degree of mobility and dexterity loss.

**FCC** - Federal Communications Commission.

**FPSC** - The Florida Public Service Commission, which has overall responsibility for implementation and oversight of the system [427.704(1), F.S.].

**FTRI** - The Florida Telecommunications Relay, Inc., which is the nonprofit corporation formed to serve as the TASA Administrator.

**HCO** - Hearing Carry Over is a form of relay service in which the person with the speech disability is able to listen to the other end user and, in reply, the CA speaks the text as typed by the person with the speech disability.

**Internet Protocol (IP) Relay** - Allows people who have difficulty hearing or speaking to communicate with anyone in the world through an Internet connection using a computer and the Internet, rather than with a TTY and a standard telephone line.

**Jupiter Speaker Phone** – A speaker phone which provides hands-free telephone access and accommodates speech impaired, hearing impaired, and mobility impaired persons.

**PROVIDER** - The entity that provides relay service [427.704(3)(a), F.S.].

**TASA** - Telecommunications Access System Act of 1991.

**TDD** - The Telecommunications Device for the Deaf is a type of machine that allows people with hearing or speech disabilities to communicate over the phone using a keyboard and a viewing screen.

**TeliTalk** - The TeliTalk speech aid is specifically designed to meet the needs of approximately 3,000 speech impaired people in Florida who have had laryngectomies. The TeliTalk Speech Aid is a telephone unit with an electro larynx device attached. It is operated just like any other speech aid, allowing for a variety of neck placements and oral straw use.

**TRS** – 1) The Tactile Ring Signaler is a signaler for deaf/blind people which vibrates to let the individual know when the telephone is ringing. 2) Telecommunications Relay Services.

**TTY** – A Text Telephone is a machine that employs graphic communication in the transmission of coded signals through a wire or radio communication system. TTY supersedes the term "TDD" or "telecommunications device for the deaf."

**Turbo Code** - A feature that allows for enhanced transmission and the capability to interrupt during transmission during relay calls on text telephones. Turbo Code is an enhanced TTY protocol which has a higher data rate than regular Baudot protocol and full ASCII compliance.

**Tykriphone** - A hands-free speakerphone which accommodates speech impaired and mobility impaired persons.

**VCO** - Voice Carry Over is a form of TRS in which the person with the hearing disability is able to speak directly to the other end user. The CA types the response back to the person with the hearing disability. The CA does not voice the conversation.

**VCP** – The Volume Control Phone is a phone for the hearing or speech impaired which amplifies the incoming voice from 0 to 40 decibels.

**VRS** – 1) A Visual Ring Signaler is a signaler which connects to a lamp and makes the light flash on and off when the telephone rings. 2) Video Relay Service is a telecommunications relay service that allows people with hearing or speech disabilities and who use sign language to communicate with voice telephone users through video equipment. The video link allows the CA to view and interpret the party's signed conversation and then relay the conversation back and forth with a voice caller.

## I. EXECUTIVE SUMMARY

Chapter 427, Florida Statutes, established the Telecommunications Access System Act of 1991 (TASA). Section 427.704, Florida Statutes, requires the Commission to submit an annual report to the Legislature regarding the operation of the telecommunications access system.

Pursuant to TASA, the Florida Public Service Commission (FPSC or Commission) is responsible for establishing, implementing, promoting, and overseeing the administration of a statewide telecommunications access system to provide access to telecommunications relay services by people who are hearing or speech impaired and others who communicate with them. To that end, the FPSC directed the local exchange companies (LECs) to form a not-for-profit corporation, known as the Florida Telecommunications Relay, Inc. (FTRI). Under oversight by the FPSC, the FTRI fulfills some of the requirements of TASA by providing for the distribution of specialized equipment required for telecommunications services to the hearing impaired, speech impaired, and dual sensory impaired, and for outreach, both in the most cost effective manner.

The tables below provide a statistical summary of the status of the Telecommunications Access System. More detailed information regarding the financial status of the program are in Appendix A of this report.

Table A shows a comparison of the Florida relay revenues and expenses for the last two fiscal years. Net revenues have increased in preparation for the Florida relay service assuming the intrastate costs of Video Relay Service<sup>1</sup>(VRS) and Internet Protocol (IP) Relay.<sup>2</sup> Presently, interstate and intrastate VRS and IP Relay services are federally funded through the Interstate Telecommunications Relay Services Fund. A proposed FCC Rule would require the states to fund the intrastate portion of VRS and IP Relay, causing Florida to absorb an estimated additional \$14-16 million in relay costs. This proposed FCC rule is discussed further in Section VI.

---

<sup>1</sup> Video Relay Service is a form of Telecommunications Relay Service that enables people with hearing disabilities to use American Sign Language to communicate with voice telephone users through video equipment, rather than through typed text. Video equipment links the VRS user with a TRS operator – called a “communications assistant” (CA) – so that the VRS user and the CA can see and communicate with each other in signed conversation.

<sup>2</sup> IP Relay allows people who have difficulty hearing or speaking to communicate with anyone in the world through an Internet connection using a computer and the Internet, rather than with a TTY and a telephone.

**TABLE A - FINANCIAL REPORT**

	7/01/04 – 6/30/05	7/01/05 – 6/30/06
Total Revenue	\$17.7 million	\$17.8 million
Relay Services Expense	\$7.4 million	\$6.6 million
Equipment and Repairs Expense	\$4.2 million	\$2.7 million
Equipment Distribution	\$1.9 million	\$1.3 million
Outreach	\$.8 million	\$.6 million
Administrative Expense	\$1.1 million	\$1.2 million
Revenue less Expenses	\$2.3 million	\$5.4 million

Table B shows the amount of equipment distributed from July 1, 2001 through June 30, 2006. The decrease in the number of units distributed between the 2004-2005 fiscal year and 2005-2006 fiscal year is due to the increased use of Internet relay services such as VRS and IP Relay, and increase in the use of wireless services, all of which the current TASA statute does not provide for. VRS and IP Relay are presently federally funded through monies collected by the Interstate Telecommunications Relay Services Fund Administrator, the National Exchange Carrier Association, Inc. (NECA), based on interstate end-user revenues of carriers.

**TABLE B - EQUIPMENT DISTRIBUTION HISTORY\***

	Total Items Distributed	Average Per Month
7/1/01 - 6/30/02	54,499	4,542
7/1/02 - 6/30/03	60,302	5,025
7/1/03 – 6/30/04	69,500	5,791
7/1/04 – 6/30/05	76,197	6,349
7/1/05 – 6/30/06	56,370	4,697

*\*The predominant single piece of equipment distributed is the volume control telephone for the hearing impaired.*

Table C reflects the number of new recipients receiving equipment and training during the last two fiscal years. As mentioned above, the drop in the number of equipment recipients and amount of training is largely due to the increased usage of internet and wireless services for relay purposes.

**TABLE C - NEW RECIPIENTS OF EQUIPMENT AND TRAINING**

	2004-2005	2005-2006
Deaf	327	410
Hard of Hearing	38,613	25,784
Speech Impaired	277	257
Dual Sensory Impaired	79	115
<b>Total</b>	<b>*39,296</b>	<b>*26,566</b>

*\*The number of new recipients is lower than the amount of distributed new equipment referenced in Table B because a significant number of recipients received more than one piece of equipment.*

Table D provides an historical view of the TASA surcharge which began in 1991.

**TABLE D - SURCHARGE LEVEL HISTORY**

7/1/91 to 6/30/92	5¢/access line/month
7/1/92 to 10/31/94	10¢/access line/month
11/1/94 to 6/30/95	12¢/access line/month
7/1/95 to 6/30/96	10¢/access line/month
7/1/96 to 6/30/98	12¢/access line/month
7/1/98 to 6/30/99	11¢/access line/month
7/1/99 to 6/30/00	9¢/access line/month
7/1/00 to 6/30/01	8¢/access line/month
7/1/01 to 6/30/02	12¢/access line/month
7/1/02 to 6/30/03	8¢/access line/month
7/1/03 to 2/28/04	12¢/access line/month
3/1/04 to 6/30/04	13¢/access line/month
7/1/04 to current	15¢/access line/month



Additional statistical information is contained in the appendices to this report. Appendix A (pages 17-18) provides the approved budget and actual expenses for FTRI for the fiscal year 2005-06 and the approved budget for fiscal year 2006-07. Appendix B (pages 19-39) is FTRI's annual report to the Commission that contains information on the equipment distribution program and audited financial statements for FTRI. Appendix C (pages 40-49) contains usage information on the various relay services compiled from Sprint's monthly reports. Appendix D (pages 50-54) contains FPSC comments to the FCC regarding VRS and IP Relay.

## **II. RECENT DEVELOPMENTS OF THE TELECOMMUNICATIONS ACCESS SYSTEM**

Sprint Communications Company, L.P. (Sprint) has been the relay service provider since June 2000. Based on evaluations of the responses to the FPSC's Request for Proposal (RFP) issued in 2004, Sprint was awarded a new contract beginning June 1, 2005, for a three year period with four one-year extensions upon mutual agreement between Sprint and the Commission. The RFP was issued to receive bids to provide Florida relay service in compliance with both the Florida Telecommunications Access System Act and the federal Americans with Disabilities Act.

Florida's relay call center is now located in Jacksonville, Florida. Sprint previously utilized its relay center in Miami for Florida relay calls, but made a decision to replace its Miami center with a new facility in Jacksonville after being awarded the new contract beginning June 1, 2005. Sprint has 15 call centers across the country that have the ability to handle overflow calls or act as back-up call centers in cases of emergencies.

Other recent developments include the following:

- On June 1, 2005, Sprint Relay began taking calls at its new Jacksonville relay call center and transitioned relay calls from its Miami relay center, which ceased operation on July 31, 2006.
- On September 20, 2005, the Commission assessed \$100,000 in liquidated damages against Sprint Relay for failure to meet the typing speed requirement of 60 words per minute. The liquidated damages were credited to the Relay Administrator's account.
- On October 31, 2005, Sprint Relay call centers were activated under the FCC's Telecommunications Service Priority (TSP) program. The TSP program was established to prioritize the restoration of telephone service to critical facilities and agencies at times of a natural disaster.
- On February 7, 2006, the Commission modified its relay contract with Sprint to adopt a new FCC mandated answer time calculation. In calculating the percentage of calls meeting the answer time standard, the

numerator included the total number of calls per day that are answered in 10 seconds or less. The denominator contained the total number of calls per day, including any abandoned calls after 10 seconds of reaching the relay switch. The new formula used for answer time eliminates abandoned calls from the denominator. The provider is responsible for answering, except during network failure, 85% of all calls daily within 10 seconds by any method that results in the caller's call immediately being placed and not put in a queue or on hold.

- On June 1, 2006, the Commission ordered the relay surcharge to be maintained at \$0.15 per access line per month for the fiscal year July 1, 2006 – June 30, 2007 to accommodate FTRI's budget request and prepare the Florida Telecommunications Relay Service fund for assuming IP Relay and Video Relay Service intrastate costs.
- On August 16, 2006, Ultratec, Inc., which operates the CapTel relay call center in Madison, Wisconsin, announced that it is opening a new CapTel call center in Milwaukee, Wisconsin, in late 2006 to back up the CapTel relay call center in Madison. The Madison, Wisconsin, location is the only relay center handling CapTel relay calls at the present time. Florida's relay service has over 1,600 customers using the CapTel phone.<sup>3</sup>
- On November 21, 2006, the Commission approved a change to the Sprint Relay contract that allows the relay operators more consumer-friendly flexibility in their interaction with relay customers. A requirement in the existing contract prohibited relay operators from informing the hearing party on a call that a deaf or hard-of-hearing person is calling. Relay operators are now able to use the term "deaf or hard-of-hearing" in their explanation phrase to the hearing party. This phrase will reduce the number of times the relay service has to be explained and reduce the number of hang-ups during or immediately after the announcement that the call is a relay call. The explanation will also provide less robotic phrasing and a more friendly interaction with relay Operators.

---

<sup>3</sup> The CapTel phone is a captioned telephone service which uses a telephone that looks similar to a traditional telephone but also has a text display that allows the user, on one standard telephone line, to both listen to the other party speak and simultaneously read captions of what the other party is saying. This way, a typical user of this service, who has the ability to speak and some residual hearing, can both listen to what is said over the telephone and read captions for clarification.

### III. DISTRIBUTION OF SPECIALIZED TELECOMMUNICATIONS EQUIPMENT

In order to be in compliance with Section 427.704(9), F.S., which requires the FPSC to file an annual TASA report to the Legislature by January 1, FTRI must file a report annually to the Commission by November 1 and include the status of the distribution of specialized telecommunications devices. The Relay Administrator, which is presently FTRI, provides for the distribution of the specialized equipment required for telecommunications services to the hearing impaired, speech impaired, and dual sensory impaired, and also provides outreach and educational programs for Florida relay services.

The following table identifies the types and quantity of equipment that was distributed to end-users for the last two fiscal years. The drop in the number of units distributed between 2004-2005 and 2005-2006 is due to the increased usage of Internet and wireless services for relay purposes. FTRI, along with 19 regional distribution centers, loans this equipment to qualified deaf, hard-of-hearing, or speech impaired individuals at no charge for as long as they need it. To receive this equipment, individuals would complete an FTRI application, have it signed by an approved certifier, and either mail it to FTRI or visit a Regional Distribution Center in their area.

**TABLE E - EQUIPMENT DISTRIBUTED BY FTRI**

<b>EQUIPMENT DISTRIBUTED BY FTRI</b>	<b>UNITS DISTRIBUTED 7/1/04 – 6/30/05</b>	<b>UNITS DISTRIBUTED 7/1/05 - 6/30/06</b>
1. Volume Control Telephones for Hearing Impaired (VCPH)	61,795	43,680
2. Audible Ring Signalers (ARS)	9,753	7,766
3. Visual Ring Signalers (VRS)	1,905	1,690
4. Telecommunications Devices for the Deaf (TDD)	914	811
5. Braille phones, in-line amplifiers, tactile ring signalers, Tykriphones, Dialogue RC 200 units, voice-carry-over phones with large visual displays (CapTel), volume control phones for the speech impaired, Uniphone 1140 units, and voice-carry-over phones.	1,830	2,423
<b>Total</b>	<b>76,197</b>	<b>56,370</b>

## IV. RELAY CALLING VOLUME

June 1992 was the first month of operation for the relay service, and call volumes have fluctuated since that time. For comparison, in June 2005, there were 594,434 billable minutes of use for relay calls, but in June 2006, the number of billable minutes of use declined to 426,817. Much of the decline is attributed to users changing to IP Relay and VRS, both of which are currently federally funded through the interstate Telecommunications Relay Service (TRS) fund.

Relay minutes of use and CapTel minutes of use are tracked separately due to the cost differential of the two services. While relay minutes have a cost of \$0.75 per minute, CapTel has a cost of \$1.37 per minute because of its specialized service.<sup>4</sup> CapTel minutes of use for June 2005, were 84,115, while for June 2006, the minutes of use increased to 158,497. Florida distributes up to 100 CapTel instruments per month. CapTel minutes of use are expected to increase as the number of CapTel instruments distributed increases and as existing CapTel users become more experienced in operating their CapTel phone.

## V. ADVISORY COMMITTEE

In accordance with Section 427.706, Florida Statutes, TASA establishes an Advisory Committee to advise the Florida Public Service Commission and FTRI concerning the Telecommunications Access System. The Advisory Committee provides the expertise, experience, and perspective of persons who are hearing impaired or speech impaired to the Commission and to FTRI regarding the operation of the telecommunications access system. The committee also advises the Commission and the Administrator on any matter relating to the quality and cost-effectiveness of the telecommunications relay service and the specialized telecommunications devices distribution system. Members of the committee are not compensated for their services but are entitled to per diem and travel expenses. The Advisory Committee can consist of up to ten individuals recommended by eight different organizations.

---

<sup>4</sup> When using this service, the captioned telephone user dials the number he or she wishes to call. The user is automatically connected to a captioned telephone relay operator at the TRS facility. The specialized TRS facility equipment, in turn, automatically connects the captioned telephone user's line to a second outgoing line from the TRS facility to the called party. The captioned telephone user does not need to dial an 800 or 711 exchange to reach the TRS facility and set up the call, nor is there any interaction with the relay operator (by either party to the call). The relay operator, instead of typing what the called party says, repeats or re-voices what the called party says and voice recognition technology automatically transcribes it from the relay operator's voice into text, which is then transmitted directly to the user. The use of voice recognition technology allows the captions to appear on the captioned telephone nearly simultaneously with the called party's spoken words. Throughout the call, the relay operator is completely transparent and does not participate in the call by voicing any part of the conversation.

**Table F – TASA Advisory Committee**

<b>RECOMMENDING ORGANIZATION</b>	<b>NAME OF MEMBER</b>
Advocacy Center for Persons with Disabilities, Inc.	Steve Howells
Deaf Service Center Association	Julie Church
Florida Association of the Deaf, Inc.	Chris Wagner
Coalition for Persons with Dual Sensory Disabilities	Harry Anderson
Florida Telecommunications Industry Association (formerly known as Florida Telephone Association)	Nancy Schnitzer - local telco representative Brian Musselwhite - long distance telco representative
Self Help for Hard of Hearing People	Kathy Borzell
Florida Association of the Deaf	Jimmy L. Peterson

During 2006, the Advisory Committee met on two occasions. At the April 7, 2006 meeting, the topics discussed were service quality testing, Sprint's update on typing speed, Sprint Relay Outreach efforts, and FTRI's proposed budget. At the meeting, a member of the Advisory Committee commented on CapTel service, stating that the quality of the text on the screen was unsatisfactory and too far behind what was actually being said, but that the sound quality was excellent. Staff informed the committee that the CapTel relay center was aware of the problem and had initiated a system whereby it can capture the CapTel call as it is happening when there is a problem and see the difficulties more clearly.

The Advisory Committee also met on October 6, 2006. The primary items discussed were CapTel service quality, feedback from the TASA members regarding complaints, FTRI's outreach efforts, wireless issues regarding relay, and the possibility of intrastate VRS and IP Relay costs shifting to the state.

During the meeting, the fact was brought up that less than 50 percent of CapTel phones are being used once a month, and some are not being used at all. Suggested possible explanations were the need for additional training on how to use the CapTel phone, poor quality of the captioning, or the death of the person who was using the CapTel phone. The committee decided that a survey should be sent to the CapTel phone users in Florida that asks them to rate their experience using the CapTel phone as far as sound clarity, caption speed, and accuracy and whether they need additional training with the CapTel phone. A note was also included asking the consumer to contact FTRI if they believed the CapTel phone was not right for them, in order for FTRI to provide a phone which best suited their needs. The survey was sent out the week of November 13, 2006.

The Advisory Committee will complete the review of the survey results and make any necessary recommendations to improve the quality and/or distribution of CapTel phones to Sprint and FTRI.

During the October 6, 2006 TASA meeting, a member of the Advisory Committee brought up the possibility that his organization, the Florida Association of the Deaf, might suggest some changes to the existing TASA statutes in the next year. He believed that terms such as “hearing impairment,” which are not used anymore and are considered politically incorrect, should be replaced in the statute with “deaf” and/or “hard-of-hearing.” He also said that since deaf and hard-of-hearing people are increasingly using wireless devices, cell phones and pagers should be added to the list of equipment provided by the TASA program, and wireless providers should collect the relay surcharge on their bills.

## **VI. FEDERAL ACTIVITIES**

Chapter 427, Florida Statutes, requires that the relay system be compliant with regulations adopted by the FCC to implement Title IV of the Americans with Disabilities Act. The FCC mandates the minimum requirements for services a state must provide, certifies each state program, and periodically proposes changes in the stipulated services. One such proposed change is the possibility of the states funding the intrastate portion of the cost to provide VRS and IP Relay services.

On October 8, 2004, the FPSC submitted initial comments to the FCC in response to its Notice of Proposed Rulemaking regarding Telecommunications Relay services.<sup>5</sup> The FPSC has concerns with the proposed rule in terms of the financial impact on the state relay service program, possible statutory conflicts, and possible adverse impacts on competition between providers of Florida VRS and IP Relay.

Presently, interstate and intrastate VRS and IP Relay services are federally funded through monies collected by the Interstate Telecommunications Relay Services Fund Administrator, the National Exchange Carrier Association, Inc. (NECA), based on interstate end-user revenues of carriers. The proposed FCC Rule would require the states to fund the intrastate portion of VRS and IP Relay, causing Florida to absorb an estimated additional \$14-16 million in relay costs.

On July 20, 2006, the FCC released a Further Notice of Proposed Rulemaking,<sup>6</sup> asking for additional comments regarding cost recovery methodology for VRS and IP Relay. On October 27, 2006, the FPSC filed supplemental comments and asked the FCC to consider the following points:

---

<sup>5</sup> Federal Communications Commission’s Report and Order, Order on Reconsideration, and Further Notice of Proposed Rule Making in CG Docket No. 03-123, released on June 30, 2004.

<sup>6</sup> CG Docket No. 03-123, In the Matter of Telecommunications Relay Services and Speech-to-Speech services for Individuals with Hearing and Speech Disabilities, FCC 06-106, released July 20, 2006.

1. VRS and IP Relay go well beyond the functional equivalent of telecommunication services required by Title IV of the Americans with Disabilities Act (ADA) and should not be mandated services of TRS.
2. If VRS and IP Relay are mandated services of TRS, they should continue to be funded through the Interstate TRS Fund.
3. If state funding of intrastate IP Relay calls is mandated, the transition should not occur until the FCC resolves the fraudulent use of IP Relay service.
4. The jurisdictional separation issues in Docket No. WC 04-36 (IP-Enabled Services) must be resolved before determining the jurisdiction and associated funding of VRS and IP Relay calls.
5. If a decision is made to require states to assume intrastate VRS and IP Relay costs, the FCC must allow time for states to make legislative changes on TRS surcharges.
6. Mandating VRS and IP Relay as part of the TRS program may eliminate competition for these services in Florida since, by statute, Florida can have only one relay service provider.

The full set of filed comments to the FCC regarding cost recovery methodology for VRS and IP Relay are attached to this report as Appendix D on page 50.

## **VII. CONCLUSION**

Florida Telecommunications Relay, Inc. continues to expand its outreach programs, which increased consumer awareness of both FTRI's programs and the relay system. FTRI and its 19 regional distribution centers conducted 2,084 outreach activities and signed up 1,839 businesses as Relay Friendly Business Partners during the last fiscal year. Florida continues to place emphasis on service quality, which has resulted in increased typing speed for not only Florida, but for all of the states served by Sprint. Furthermore, the increased distribution and service improvement of CapTel has enriched the lives of persons who would not normally use traditional relay service. The Commission expects these positive trends to continue but will continue to pursue service quality improvements through testing of relay operator typing and CapTel telephone captioning.

An FCC mandate requiring states to assume the intrastate costs of VRS and IP Relay may have a major impact on the Florida Relay service. The proposed FCC Rule would require Florida to fund an estimated additional \$14-16 million in relay costs. At a September 7, 2006 State Relay Administrator Conference, an FCC Deputy Bureau Chief stated that shifting the burden of intrastate VRS and IP Relay to the states is not a matter of if, but when, and concluded that the change would be in the not too distant future. Florida could possibly experience a financial shortfall in relay surcharge revenue. If such

a shortfall occurs, the FPSC would need to seek a legislative change to the current statute, which provides for a maximum cap of \$0.25 per month per access line.



## Appendix A

## FTRI Budget for 2004-05 and 2005-06 Fiscal Years

		<b>Commission Approved Budget 2005-2006 \$</b>	<b>Actual Revenue And Expenses 2005-2006 \$</b>	<b>Commission Approved Budget 2006-2007 \$</b>
<b>Operating Revenue</b>				
1	<i>Surcharges</i>	17,073,358	17,618,843	17,012,637
2	<i>Interest Income</i>	41,407	168,362	118,995
3	<i>Total Revenues</i>	17,114,765	17,787,205	17,131,632
4	<i>Surplus Account</i>	3,458,395	8,915,853	11,261,451
	<b>GRAND TOTAL</b>	<b>20,573,160</b>	<b>26,703,058</b>	<b>28,393,083</b>
<b>CATEGORY I      Operating Expenses/ Relay Services</b>				
5	<i>Sprint Relay</i>	9,357,596	6,575,115	9,197,349
<b>CATEGORY II      Equipment &amp; Repairs</b>				
6	<i>TDD Equipment</i>	189,600	146,700	173,400
7	<i>Large Print TDDs</i>	8,520	(578)	5,680
8	<i>VCO/HCO – TDD</i>	36,000	36,000	36,000
9	<i>VCO Telephone</i>	20,798	11,240	20,939
10	<i>Dual Sensory Equipment Less: Capitalized Portion</i>	13,000	4,796 (4,796)	9,592
11	<i>CapTel Equipment</i>	433,200	396,338	433,200
12	<i>VCP Hearing Impaired</i>	3,709,476	1,805,590	2,038,362
13	<i>VCP Speech Impaired</i>	11,972	16,250	16,067
14	<i>TeliTalk Speech Aid</i>	72,000	30,000	60,000
15	<i>Jupiter Speaker Phone</i>	12,250	0	15,330
16	<i>In-Line Amplifier</i>	4,320	2,740	2,640
17	<i>ARS Signaling Equipment</i>	189,309	153,863	183,675
18	<i>VRS Signaling Equipment</i>	66,834	56,908	65,565
19	<i>TRS Signaling Equipment</i>	560	0	560
20	<i>Telecom Equipment Repair</i>	55,809	39,389	36,072
21	<i>Depreciation</i>		16,285	
	<b>TOTAL CATEGORY II</b>	<b>4,823,648</b>	<b>2,710,725</b>	<b>3,097,082</b>
<b>CATEGORY III      Equipment Distribution &amp; Training</b>				
22	<i>Freight-Telecom Equipment</i>	33,573	29,368	41,621
23	<i>Regional Distribution Centers</i>	2,045,739	1,264,427	1,426,195
24	<i>Workshop Expense</i>	94,188	55,585	35,332
25	<i>Training Expense</i>	0	0	0
	<b>TOTAL CATEGORY III</b>	<b>2,173,500</b>	<b>1,349,380</b>	<b>1,503,148</b>

## Appendix A

		<b>Commission Approved Budget 2005-2006</b>	<b>Actual Revenue And Expenses 2005-2006</b>	<b>Commission Approved Budget 2006-2007</b>
<b>CATEGORY IV</b>	<b>Outreach</b>			
26	<i>Outreach Expense</i>	731,568	635,740	627,544
	<b>TOTAL CATEGORY IV</b>	<b>731,568</b>	<b>635,740</b>	<b>627,544</b>
<b>CATEGORY V</b>	<b>General &amp; Administrative</b>			
27	<i>Advertising</i>	3,600	1,468	3,000
28	<i>Accounting/Auditing</i>	14,961	14,875	17,121
29	<i>Legal</i>	72,000	74,550	72,000
30	<i>Computer Consultation</i>	39,578	22,143	28,990
31	<i>Bank Charges</i>	1,051	1,434	1,520
32	<i>Dues &amp; Subscriptions</i>	3,256	1,409	2,156
33	<i>Office Furniture Purchase</i>	1,738	1,113	5,588
	<i>Less: Capitalized Portion</i>		(1,113)	
34	<i>Office Equipment Purchase</i>	21,870	5,211	10,970
	<i>Less: Capitalized Portion</i>		(5,211)	
35	<i>Depreciation</i>	0	23,000	0
36	<i>Office Equipment Lease</i>	4,175	3,459	4,213
37	<i>Insurance- Health/Life/Disability</i>	235,964	201,059	250,866
38	<i>Insurance – Other</i>	6,074	0	6,313
39	<i>Office Expense</i>	23,848	19,994	26,654
40	<i>Office Moving Expense</i>	0	0	0
41	<i>Postage</i>	28,372	16,817	22,736
42	<i>Printing</i>	3,321	4,571	4,057
43	<i>Rent</i>	83,616	83,415	88,104
44	<i>Utilities</i>	9,504	11,640	11,577
45	<i>Retirement</i>	67,177	62,406	74,952
46	<i>Employee Compensation</i>	495,406	475,341	552,743
47	<i>Temporary Employment</i>	81,496	60,349	86,674
48	<i>Taxes – Payroll</i>	37,899	39,721	42,285
49	<i>Taxes – Unemployment Compensation</i>	7,182	0	5,266
50	<i>Taxes – Licenses</i>	61	61	61
51	<i>Telephone</i>	19,859	23,099	26,490
52	<i>Travel &amp; Business</i>	34,325	13,556	29,950
53	<i>Equipment Maintenance</i>	7,215	2,512	8,156
54	<i>Employee Training</i>	6,360	2,987	7,760
55	<i>Meeting Expense</i>	3,420	2,301	4,342
56	<i>Miscellaneous</i>	200	0	100
	<b>TOTAL CATEGORY V</b>	<b>1,313,528</b>	<b>1,162,167</b>	<b>1,394,644</b>
	<b>TOTAL EXPENSES</b>	<b>18,399,840</b>	<b>12,433,127</b>	<b>15,819,767</b>

## Florida Telecommunications Relay, Inc.



### Annual Report 2005 - 2006

TASA – Florida Statutes Chapter 427

## Contents

Message from the Executive Director	21
TASA Requirements	22
Mission Statement	22
Equipment Distribution Program	22
Client Services	23
New Client Eligibility	23
New Client Certification	24
New Client Age Groups	24
New Client County of Residence	25
Equipment	26
Equipment Vendors	26
Distributed Equipment	27
Quality Assurance	27
Outreach	28
Closing Statement	30

## Message from the Executive Director



During fiscal year 2005 / 2006, FTRI served 26,566 new clients with the total number of services being 52,876. Equipment distributed totaled 56,370.

Since the inception of the FTRI program over 361,000 Floridians have received some type of specialized telephone. Maintenance services remain a vital part of the overall services provided by FTRI to consumers.

Outreach continues to play a major role with creating awareness throughout the state. During FY 2005 / 2006, FTRI, in conjunction with the regional distribution centers (RDC), conducted 2,084 outreach activities throughout the state. This averages to 173 outreach activities per month.

In addition, Florida businesses continue to sign-up as partners of the Florida Relay outreach campaign with over 1,839 new businesses participating this reporting period. Information about both Florida Relay and FTRI Equipment Distribution Program (EDP) has been made available to over 145,645 employees throughout the state. The FTRI outreach team will continue implementation of the Business Partner Program (BPP) to recruit businesses to become relay friendly. A listing of all partners can be found at <http://www.ftri.org/business>. FTRI continued its quarterly E-Newsletter specifically to maintain contact with its partners. The "Florida Link", FTRI's annual newsletter, was published and disseminated to all of its clients. This edition of the Florida Link featured partnership with organizations and associations that have worked together to share the good news to Floridians about how they can obtain telephone independence by using FTRI equipment and the Florida Relay service at **no charge**. These unique partnerships have proven to be a winning situation for everyone.

Finally, the FTRI website was overhauled with a new look that makes for easy navigation. FTRI also began streamlining its reporting process with it's contractors by providing electronic versions of the necessary reports in a secured area. You may view the website at [www.ftri.org](http://www.ftri.org).

As you review this report, I believe it is evident that this past year was productive for both the FTRI Equipment Distribution Program and Florida Relay Service.



James Forstall, FTRI Executive Director





## TASA Requirements

In response to the Telecommunications Access System Act of 1991 (TASA), the Florida Public Service Commission (FPSC) directed the local exchange companies (LECs) to form a not-for-profit corporation to fulfill the requirements of TASA. Florida Telecommunications Relay, Inc. (FTRI) registered with the Florida Department of State as a not-for-profit corporation effective June 13, 1991, and is exempt from Florida sales tax as a 501(c) (3) organization.

## Mission Statement

Florida Telecommunications Relay, Inc. (FTRI), as the designated administrator, shall carry out the intent of the Telecommunications Access System Act (TASA) by providing access terminals required for basic telecommunications services to hearing impaired, speech impaired, and dual sensory impaired persons in the most cost effective manner.

## Equipment Distribution Program

FTRI utilizes a regional distribution system for approximately eighty percent of the state of Florida, with centralized distribution from the administrative office in Tallahassee accounting for the remaining twenty percent.

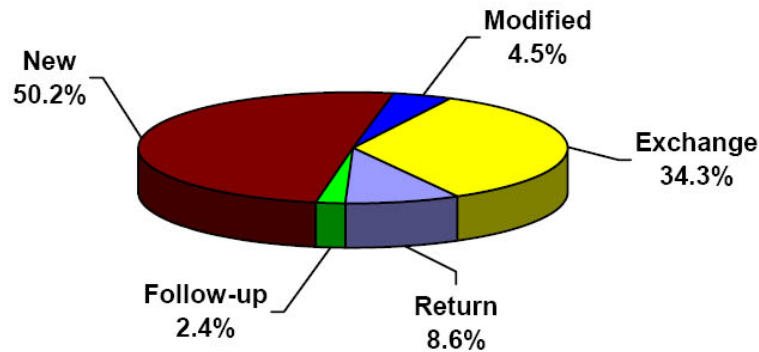
FTRI contracted with nineteen non-profit agencies to provide services as Regional Distribution Centers (RDCs). In these areas, persons who are deaf, hard of hearing, or speech impaired have applications certified and processed (**New** service), and receive equipment and training, and are supplied with any additional services. These may include modifying from one type of equipment to another (**Modified** service), exchanging for the same type of equipment (**Exchange** service), returning any equipment that is no longer necessary (**Return** service), and additional training services as needed (**Follow-up** service).

Additional training on equipment is provided to individuals requesting the training at no charge.

## APPENDIX B

## Client Services

The total number of services provided by FTRI for fiscal year 2005 / 2006 was **52,876**. The average number of services provided monthly was **4,406**.

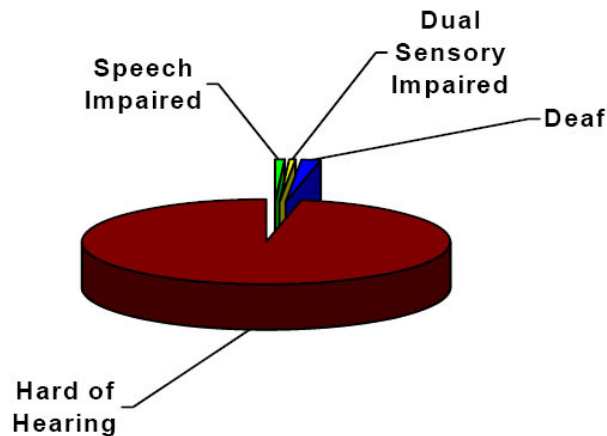


## New Client Eligibility

FTRI served **26,566** new clients during the reporting period. Clients certified as eligible for the FTRI program are classified into four distinct groups:

Group	New Clients
Deaf	410
Hard of Hearing	25,784
Speech Impaired	257
Dual Sensory Impaired	115
<b>Total</b>	<b>*26,566</b>

\* The number of new recipients is lower than the amount of distributed new equipment because a significant number of recipients received more than one piece of equipment. Margin of error  $\pm 1\%$ .



## APPENDIX B

## New Client Certification

Professionals involved with the certification of client applications for the equipment distribution program were as follows:

Category of Certifier	Quantity of Approved Applications
Deaf Service Center Director	13,252
Audiologist	7,204
Hearing Aid Specialist	4,304
Licensed Physician	986
State Certified Teacher	158
State Agency	236
Speech Pathologist	271
Federal Agency	155
<b>Total</b>	<b>26,566</b>

## New Client Age Groups

The 2005 / 2006 breakdown of new recipients by age group is as follows:

Age Group	Recipients
4 – 9	48
10 – 19	137
20 – 29	143
30 – 39	187
40 – 49	455
50 – 59	1,195
60 – 69	3,517
70 – 79	8,052
80 – 89	9,671
90 – 99	2,669
100 – 109	94
DOB not provided	398
<b>Total</b>	<b>26,566</b>

More people in the 80 to 89 age group received equipment than those of any other specific age group. Approximately seventy-five percent of all recipients served in this fiscal year were seventy years of age or older.



## APPENDIX B

## New Client County of Residence

FTRI is a statewide program serving all 67 counties. The following is a breakdown of new clients by county of residence:

<b>County</b>	<b>Recipients</b>	<b>County</b>	<b>Recipients</b>
<b>Alachua</b>	<b>266</b>	<b>Lake</b>	<b>635</b>
Baker	19	<b>Lee</b>	<b>1,152</b>
<b>Bay</b>	<b>132</b>	Leon	301
Bradford	29	<b>Levy</b>	<b>59</b>
<b>Brevard</b>	<b>494</b>	Liberty	4
<b>Broward</b>	<b>3,026</b>	Madison	13
Calhoun	25	<b>Manatee</b>	<b>556</b>
<b>Charlotte</b>	<b>569</b>	<b>Marion</b>	<b>757</b>
<b>Citrus</b>	<b>393</b>	Martin	148
<b>Clay</b>	<b>112</b>	<b>Monroe</b>	<b>74</b>
<b>Collier</b>	<b>317</b>	Nassau	43
Columbia	102	<b>Okaloosa</b>	<b>105</b>
<b>Dade</b>	<b>3,711</b>	Okeechobee	29
DeSoto	57	<b>Orange</b>	<b>1,366</b>
Dixie	19	Osceola	261
<b>Duval</b>	<b>585</b>	<b>Palm Beach</b>	<b>1,663</b>
<b>Escambia</b>	<b>366</b>	<b>Pasco</b>	<b>1,194</b>
<b>Flagler</b>	<b>88</b>	<b>Pinellas</b>	<b>1,563</b>
Franklin	10	<b>Polk</b>	<b>758</b>
Gadsden	63	Putnam	56
Gilchrist	19	<b>Santa Rosa</b>	<b>150</b>
Glades	11	<b>Sarasota</b>	<b>1,069</b>
Gulf	9	<b>Seminole</b>	<b>520</b>
Hamilton	19	St. Johns	110
Hardee	14	<b>St. Lucie</b>	<b>272</b>
<b>Hendry</b>	<b>23</b>	<b>Sumter</b>	<b>213</b>
<b>Hernando</b>	<b>487</b>	<b>Suwannee</b>	<b>121</b>
<b>Highlands</b>	<b>300</b>	Taylor	32
<b>Hillsborough</b>	<b>1,097</b>	Union	10
Holmes	13	<b>Volusia</b>	<b>562</b>
<b>Indian River</b>	<b>179</b>	Wakulla	31
Jackson	71	Walton	48
Jefferson	27	Washington	19
Lafayette	20		
		<b>Total</b>	<b>26,566</b>

Counties in **bold** are located close to Regional Distribution Centers. RDC contracts do not assign counties to specific contracted entities in order to assure that clients receive the best and most convenient service available.

## APPENDIX B

## Equipment

FTRI currently distributes the following specialized telecommunications equipment:

1. Text Telephone (TTY)
2. Volume Control Phone for the Hearing Impaired (VCPH)
3. Volume Control Phone for the Speech Impaired (VCPS)
4. Voice Carry-Over Telephone (VCO)
5. Large Visual Display TTY (LVDTTY)
6. TeleBraille TTY (TBTty)
7. In-Line Amplifier (ILA)
8. Voice Carry-Over / Hearing Carry-Over / TTY (VCO / HCO / TTY)
9. Gewa Jupiter Telephone
10. Dialogue RC 200 w/ Air Switch
11. TeliTalk Speech Aid phone
12. CapTel – Captioned Telephone

FTRI also distributes amplified, flashing, or vibrating ringer devices to alert clients to incoming telephone calls. These devices are:

1. Audible Ring Signaler (ARS)
2. Visual Ring Signaler (VRS)
3. Tactile Ring Signaler (TRS)

Each piece of equipment is supported by the standard manufacturer warranty for either one or two years. Equipment that is determined to be out of warranty is retired and replaced due to the economics of purchasing new equipment versus repairing old equipment.

## Equipment Vendors

FTRI works with several equipment vendors to supply specialized telecommunications equipment. Some of these include:



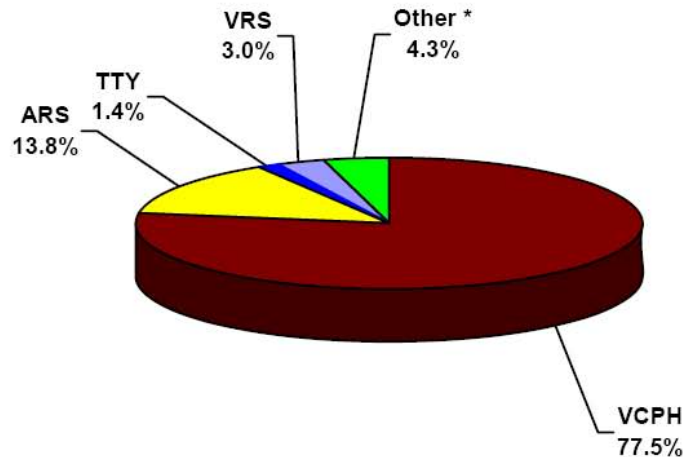
**Florida**  
Telecommunications  
**FTRI Relay, Inc.**

## APPENDIX B

## Distributed Equipment

FTRI distributes both new and refurbished equipment. Equipment distributed during fiscal year 2005 / 2006 numbered **56,370\*** units. The monthly equipment distribution average was **4,697**.

\* Margin of error  $\pm 1\%$



\* More than four percent of all distributed equipment in fiscal year 2005 / 2006 included BrailleTTY phone, in-line amplifier, tactile ring signaler, voice-carry-over phones with large visual display, phones for the speech impaired, hearing-carry-over phone, voice-carry-over phone, and captioned telephone.

## Quality Assurance

FTRI maintains a quality assurance system to monitor the services, training, and equipment provided by contracted agencies. Questionnaires are sent to a random selection of clients served by each Regional Distribution Center or the FTRI office.

Approximately twenty-five percent of new clients served were mailed quality assurance surveys. Of the approximately 7,250 questionnaires sent during this fiscal year, FTRI received 4,409 responses for a sixty-one percent return rate. Ninety-six percent of the responses were positive. All negative responses were addressed directly by FTRI and forwarded to the appropriate RDC for follow-up.

**How do you like  
your new phone  
from FTRI?**

**LET FREEDOM <<<RING>>>**

*... and discover telephone freedom and independence*

**Florida  
Telecommunications  
FTRI Relay, Inc.**  
Equipment Distribution Program

FTRI provides specialized telephone equipment to qualified Florida residents who are deaf, hard of hearing, deaf/blind, or speech impaired at no charge. FTRI records show that you received equipment from one of our Regional Distribution Centers (RDC). FTRI wants to make sure the customer service you received is up to our high standards.

Please take a few minutes to answer the following questions about your experience with the Regional Distribution Center (RDC) in your area and mail this prepaid postcard to FTRI. If you have any questions or comments, please call:

**FTRI Customer Service:**  
1-800-222-3448 (V)  
or 1-888-447-5629 (TTY)  
Monday-Friday 8:30 a.m.-5:00 p.m.

*Detach along perforation and mail.*

**Florida  
Telecommunications  
FTRI Relay, Inc.**



## APPENDIX B



Throughout the past fiscal year FTRI's outreach efforts have grown significantly throughout the state. An arrangement with regional distribution centers to provide added outreach services to their respective communities continued to be implemented.

The following activities were conducted.

<b>Outreach Activities</b>	
<b>FTRI / RDC conducted 2,084 outreach activities throughout the state</b>	
<b>FTRI / RDC signed-up 1,839 businesses as Relay Friendly Business Partners</b>	
<b>Information about both Florida Relay and FTRI EDP have been made available to over 145,645 employees through the Business Partners</b>	
<b>FTRI designed new pull-up Florida Relay display for FTRI EDP and RDCs</b>	
<b>FTRI published and mailed "Florida Link" newsletters to 323,734 clients</b>	
<b>FTRI continued to partner with organizations and / or state agencies (FAD, FLALDA, FLASHHH, AGBELL-FL, FSDB, Sprint, TSC, DOE, FDOEA, DOH, DVR, FASC, FLAA, FLASHA ) for outreach activities</b>	
<b>Purchased media time statewide for both Florida Relay and FTRI EDP PSAs (Public Service Announcements) and received approximately 18-1 ratio coverage</b>	
<b>Revised, printed and disseminated the FTRI Applications and Referral Cards</b>	
<b>Disseminated quarterly E-Link newsletter to maintain contact with businesses who are Florida Relay partners</b>	
<b>Provided approximately 742 (EDP) and 352 (Outreach) hours of comprehensive training to RDCs during this fiscal year</b>	
<b>FTRI Training Conference was held with 100% RDC participation</b>	

### ***FTRI – Equipment Distribution Program***

FTRI continued to air 30 second PSAs (Public Service Announcement) targeted to reach individuals with hearing loss to create awareness about the specialized telephones that are available to Florida residents at **no charge**. This PSA was aired continuously on cable networks throughout the state year-round.



*CapTel - Captioned Telephone*



*VCPH*



*ARS*

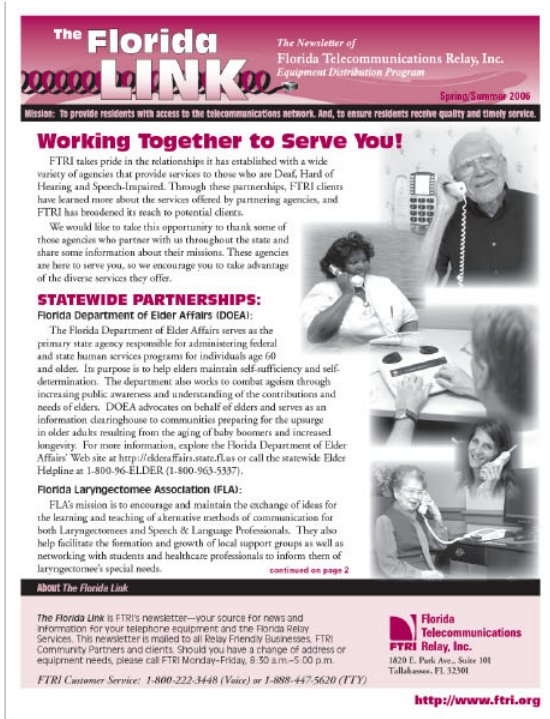
## APPENDIX B



Below are excerpts taken from the FTRI EDP PSA that continued to air throughout Florida on cable television.



The “**Florida Link**” (pictured below at left) was published by FTRI and disseminated to FTRI clients and Business Partners throughout the state. Pictured at right is the CapTel seasonal newsletter published by Ultratec and is disseminated to all CapTel users in Florida.



Spring 2006



CapTel Newsletter





## APPENDIX B



### Florida Relay

Two Florida Relay PSAs continued to air throughout the state on cable network. Below are excerpts taken from the Florida Relay PSAs.



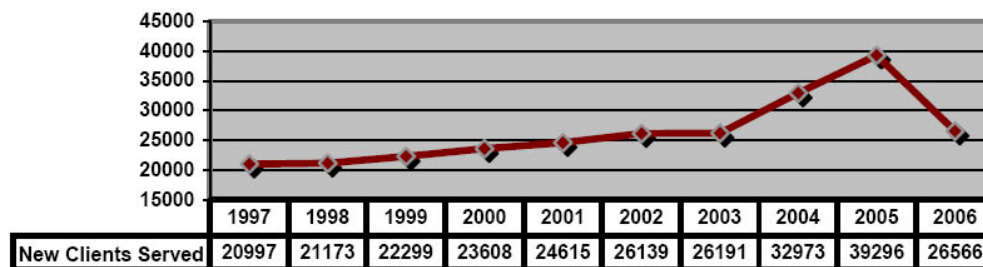
### Business Partnership Program

Eighteen hundred and thirty-nine businesses signed up as a “Relay Friendly” partner and were provided a training kit designed to help businesses train employees on how to communicate via the Florida Relay service with individuals who are deaf, hard of hearing, deaf/blind, or speech impaired. Information about both Florida Relay and FTRI EDP has been made available to over 145,645 employees with those businesses.

During this past fiscal year FTRI continued the E-Link newsletter to maintain contact with its partners throughout the state. It was discovered during the follow-up survey that some of them were interested in receiving periodic updates about our programs.

### Closing Statement

FTRI continues to maintain its status as an administrative center, concentrating on oversight of the Regional Distribution Center (RDC) contractors, and equipment vendors. The FTRI administrative office directly serves approximately twenty percent of Florida’s residents statewide. Since the inception of the Equipment Distribution Program in 1986, over 361,000 residents have been provided with telecommunications equipment and support services.



APPENDIX B

**FLORIDA TELECOMMUNICATIONS RELAY, INC**  
**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITORS' REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2006**

**FLORIDA TELECOMMUNICATIONS RELAY, INC.*****TABLE OF CONTENTS***  
***June 30, 2006***

	<b>Page</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>33</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>34</b>
<b>STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS</b>	<b>35</b>
<b>STATEMENT OF EXPENSES BY CATEGORY</b>	<b>36</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>37</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>38-39</b>



## APPENDIX B

---

---

TONY C. STARACE, CPA, PA

1906 Buford Boulevard, Suite 3  
Tallahassee, Florida 32308  
(850) 422-0080 FAX: (850) 877-4720

---

---

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Florida Telecommunications Relay, Inc.

We have audited the accompanying statement of financial position of Florida Telecommunications Relay, Inc. (a nonprofit organization) as of June 30, 2006 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Telecommunications Relay, Inc. as of June 30, 2006, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Tony C. Starace, CPA



September 18, 2006  
Tallahassee, Florida

## APPENDIX B

**FLORIDA TELECOMMUNICATIONS RELAY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2006**

**ASSETS****CURRENT ASSETS**

Cash	\$ 8,915,853
Accounts Receivable (Note 1)	1,460,306
Prepaid Expenses (Note 1)	<u>23,168</u>

TOTAL CURRENT ASSETS	\$ 10,399,327
----------------------	---------------

**PROPERTY & EQUIPMENT (Note 1)**

Office Furniture	\$ 50,075
Office Equipment	227,247
Dual Sensory Equipment	174,766
less: Accumulated depreciation	<u>(386,162)</u>

NET PROPERTY & EQUIPMENT	65,926
--------------------------	--------

OTHER ASSETS	<u>8,939</u>
--------------	--------------

TOTAL ASSETS	<u>\$ 10,474,192</u>
--------------	----------------------

**LIABILITIES AND NET ASSETS****CURRENT LIABILITIES**

Accounts Payable (Note 1)	\$ 1,031,483
Sick Leave Payable	<u>18,411</u>

TOTAL CURRENT LIABILITIES	\$ 1,049,894
---------------------------	--------------

NET ASSETS (Unrestricted)	<u>9,424,298</u>
---------------------------	------------------

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,474,192</u>
----------------------------------	----------------------

**THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.**

## APPENDIX B

**FLORIDA TELECOMMUNICATIONS RELAY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Year Ended June 30, 2006**

**REVENUES**

Surcharge Revenue	\$ 17,618,843
Interest	<u>168,362</u>

TOTAL REVENUES \$ 17,787,205

**EXPENSES****Category I - Relay Service**

Total - Category I Expenses \$ 6,575,115

**Category II - Equipment & Repair**

Total - Category II Expenses 2,694,440

**Category III - Equipment Distribution**

Total - Category III Expenses 1,349,380

**Category IV - Outreach**

Total - Category IV Expenses 635,740

**Category V - General & Administrative**

Total - Category V Expenses 1,178,452

TOTAL EXPENSES \$ 12,433,127

NET OF EXPENSES OVER REVENUE 5,354,078

NET ASSETS, BEGINNING OF YEAR 4,070,220

NET ASSETS, END OF YEAR \$ 9,424,298

**THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.**

## APPENDIX B

**FLORIDA TELECOMMUNICATIONS RELAY, INC.**  
**STATEMENT OF EXPENSES BY CATEGORY**  
**For the Year Ended June 30, 2006**

<b>Category I - Relay Service</b>		
DPR Provider		\$ 6,575,115
<b>Category II - Equipment &amp; Repair (Note 1)</b>		
TTY Equipment	\$ 146,122	
VCP Hearing Impaired	1,805,590	
CapTel Equipment	396,338	
VCP Speech Impaired	16,250	
In-Line Amplifiers	2,740	
VCO Telephone	47,240	
Signaling Equipment	210,771	
TeliTalk Speech Aid Phone	30,000	
Telecommunications Equipment Repair	39,389	
Dual Sensory Equipment	4,796	
Less: Capitalized Portion	(4,796)	
Depreciation	<u>16,285</u>	
<b>Subtotal - Category II</b>		<b>2,710,725</b>
<b>Category III - Equipment Distribution</b>		
Freight / Telecommunications Equipment	\$ 29,368	
Regional Distribution Centers	1,264,427	
Workshop Expense	<u>55,585</u>	
<b>Subtotal - Category III</b>		<b>1,349,380</b>
<b>Category IV - Outreach</b>		
Outreach Expense		635,740
<b>Category V - General &amp; Administrative</b>		
Advertising	\$ 1,468	
Accounting/Auditing	14,875	
Legal	74,550	
Consultation	22,143	
Bank charges	1,434	
Dues and Subscriptions	1,409	
Furniture & Equip. Purchased	6,324	
Less: Capitalized Portion	(6,324)	
Depreciation	23,000	
Office Equipment Lease	3,459	
Insurance	201,059	
Office Expenses	19,994	
Postage	16,817	
Printing	4,571	
Rent (Note 2)	83,415	
Retirement (Note 3)	62,406	
Employee Compensation	456,930	
Accrued Sick Leave	18,411	
Payroll Taxes	39,721	
Temporary Employment	60,349	
Telephone & Fax	23,099	
Travel and Business Expense	13,556	
Utilities	11,640	
Equipment Maintenance	2,512	
Employee Training	2,987	
Meeting & Interpreter Expense	2,301	
State Corp. Filing Fee	<u>61</u>	
<b>Subtotal - Category V</b>		<b><u>1,162,167</u></b>
<b>TOTAL EXPENSES</b>		<b><u>\$ 12,433,127</u></b>

**THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.**

## APPENDIX B

**FLORIDA TELECOMMUNICATIONS RELAY, INC.**  
**STATEMENT OF CASH FLOWS**  
*For The Year Ended June 30, 2006*

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Surcharge Revenue	\$ 17,659,592
Cash Paid for Goods and Services	(12,482,370)
Interest Income	<u>168,362</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES (NOTE 4)	\$ 5,345,584
--	--------------

CASH FLOWS FROM INVESTING ACTIVITIES:

Cash Paid to Acquire Fixed Assets	<u>\$ (11,120)</u>
-----------------------------------	--------------------

NET CASH USED IN INVESTING ACTIVITIES	<u>\$ (11,120)</u>
---------------------------------------	--------------------

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,334,464
--	-----------

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>3,581,389</u>
--	------------------

CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>\$ 8,915,853</u>
--	---------------------

***THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.***

## APPENDIX B

**FLORIDA TELECOMMUNICATIONS RELAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2006*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****General:**

*The Organization maintains its accounts and prepares financial statements on the accrual basis of accounting. Revenues are recognized in the period earned, whether or not received; expenses are recognized in the period in which the obligation is incurred, whether or not paid.*

**Purpose:**

*The Organization is a not-for-profit corporation designated as the Administrator of the Telecommunications Access System Act, pursuant to s.427.704(2), F.S., and is responsible for the distribution of specialized telecommunications devices. The devices for the Deaf, Hard of Hearing, and Speech Impaired persons are distributed free of charge to clients certified by designated specialists in the speech and hearing field. The Florida Public Service Commission regulates the Organization, which is funded through a surcharge on telephone bills of residents of the State of Florida.*

**Property and equipment:**

*Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations.*

*The Organization has adopted the policy of recording the purchase of the specialized telecommunication equipment, distributed to its clients, as an expense of the period, while the Organization retains certain rights and obligations.*

**Income taxes:**

*The Organization, a Florida nonprofit corporation, is tax exempt under Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes has been made.*

**Use of Estimates:**

*The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.*

**NOTE 2 - LEASES**

*On March 1, 2002 the Organization entered into a lease agreement for office space. The lease is classified as an operating lease with a term of five years with a 3% increase each March and expires on February 28, 2007. Lease expense for the fiscal year ending June 30, 2006 was \$83,415. Future minimum lease payments are: Fiscal Years Ending June 30, 2007 - \$56,848.*

## APPENDIX B

**FLORIDA TELECOMMUNICATIONS RELAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 2 (Continued)**

*On June 12, 2004 the Organization entered into a lease agreement with Pitney Bowes Credit Corporation for a postage meter. The lease is classified as an operating lease with a term of 69 months and expires on March 31, 2010. Equipment Lease expense for the fiscal year ended June 30, 2006 was \$3,324. Future minimum lease payments are: Fiscal Years Ending June 30, 2007 through June 30, 2009 - \$3,324 each and Fiscal Year Ended June 30, 2010 - \$2,493.*

**NOTE 3 - RETIREMENT PLAN**

*The Organization contributes to a multi-employer, non-contributory, defined benefit pension plan, sponsored by the National Telecommunications Cooperative Association. Employees begin participating in the plan quarterly coincident with their date of employment. Contributions to the plan are paid annually and based on 11.3% of compensation for all full-time employees and part-time employees, who work at least 1,000 hours per calendar year. Benefits will be paid to participants in an amount dependent on years of service and the final average salary as defined in the Plan Document. Retirement expense for the Fiscal Year ending June 30, 2006 was \$62,406.*

**NOTE 4 - RECONCILIATION OF EXCESS OF REVENUES OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

<i>Excess of Revenues Over Expenses</i>	<i>\$ 5,354,078</i>
<i>Items not requiring cash</i>	
<i>Decrease in Accounts Receivable</i>	<i>\$ 40,750</i>
<i>Decrease in Prepaid Expenses</i>	<i>7,017</i>
<i>Decrease in Accounts Payable</i>	<i>(95,545)</i>
<i>Depreciation</i>	<i><u>39,285</u></i>
<i>Net of items not requiring cash</i>	<i><u>(8,493)</u></i>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 5,345,585</u></b>

*Disclosure of Accounting Policy:*

*For purposes of the Statement of Cash Flows, the cash maintained in a Checking/Investment Account are considered cash equivalents.*

**NOTE 5 - CONCENTRATION OF RISK**

*Florida Telecommunications Relay, Inc. maintains two bank accounts at Amsouth Bank. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at this institution exceeded federally insured limits. At June 30, 2006 FTRI's uninsured cash balances total \$8,815,853.*

APPENDIX C – Florida Relay Service Information – Sprint

TABLE OF CONTENTS

Monthly Incoming Calls .....41

Monthly Incoming Calls by Type .....42

Monthly Incoming TTY Calls vs. Incoming Voice Calls.....43

Monthly Incoming and Monthly Outgoing Calls.....44

Monthly Outgoing Call Volume .....45

Monthly Outgoing Call Types .....46

Monthly Outgoing Local VS Long Distance Calls.....47

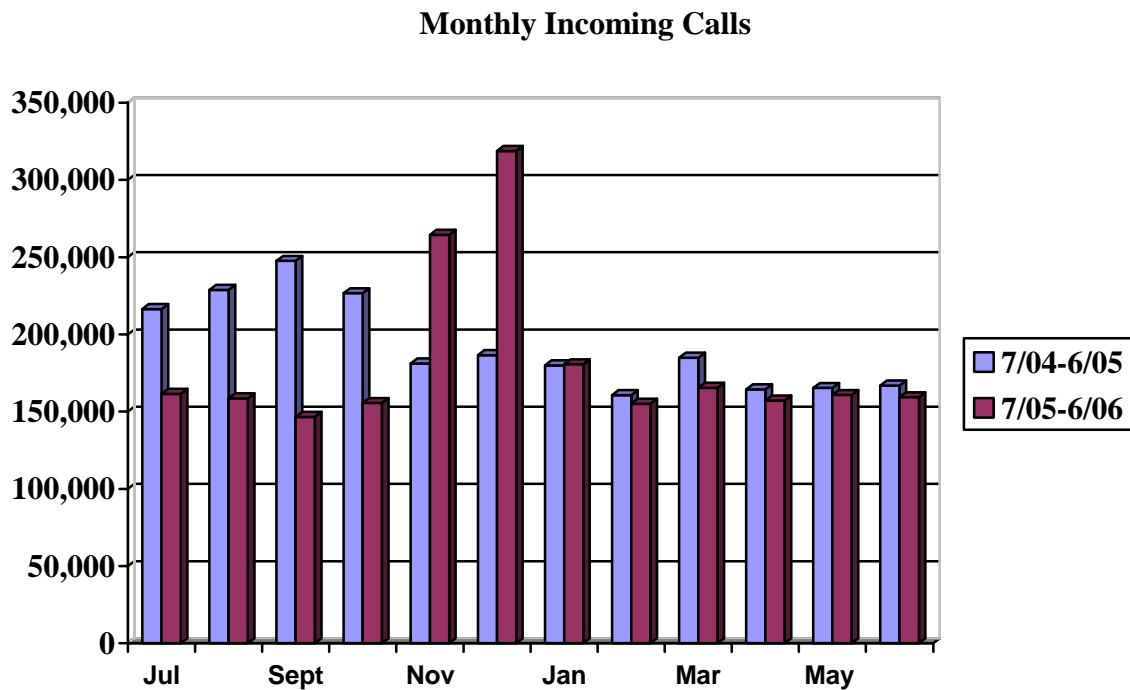
Completed Outgoing Call Distribution – In Daily Average Minutes .....48

Captel Minutes and Charges .....49



## APPENDIX C

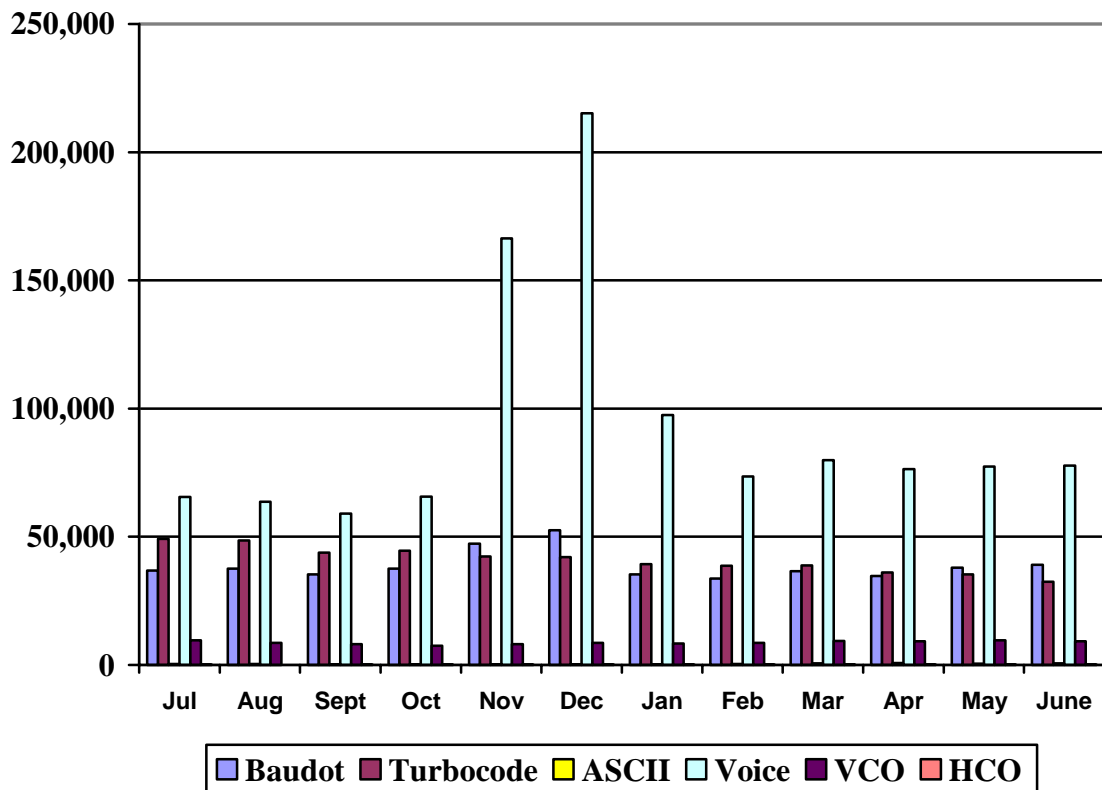
Monthly Incoming Calls			
Total Incoming Calls July 2004 – June 2005		Total Incoming Calls July 2005 – June 2006	
Jul	216,462	Jul	161,579
Aug	228,823	Aug	158,687
Sep	247,641	Sep	146,576
Oct	226,698	Oct	155,626
Nov	181,243	Nov	264,527
Dec	186,565	Dec	318,776
Jan	179,994	Jan	180,735
Feb	160,654	Feb	155,132
Mar	184,898	Mar	165,465
Apr	164,383	Apr	157,170
May	165,329	May	160,852
June	166,948	June	159,341
Total	2,309,638	Total	2,184,466



## APPENDIX C

Monthly Incoming Calls by Type July 2005 – June 2006							
	Incoming Baudot	Incoming Turbocode	Incoming ASCII	Incoming Voice	Incoming VCO	Incoming HCO	Total Incoming
Jul	36,768	49,137	379	65,573	9,612	107	161,576
Aug	37,533	48,557	359	63,596	8,586	47	158,678
Sep	35,328	43,776	226	59,026	8,132	87	146,575
Oct	37,601	44,537	218	65,642	7,542	77	155,617
Nov	47,338	42,275	259	166,375	8,133	144	264,524
Dec	52,542	42,058	204	215,169	8,658	143	318,774
Jan	35,274	39,314	234	97,465	8,342	105	180,734
Feb	33,702	38,669	404	73,573	8,651	129	155,128
Mar	36,600	38,796	651	79,875	9,414	117	165,453
Apr	34,737	36,026	724	76,338	9,184	121	157,130
May	37,931	35,367	484	77,341	9,554	142	160,819
June	39,086	32,426	599	77,807	9,209	141	159,268
Total	464,440	490,938	4,741	1,117,780	105,017	1,360	2,184,276

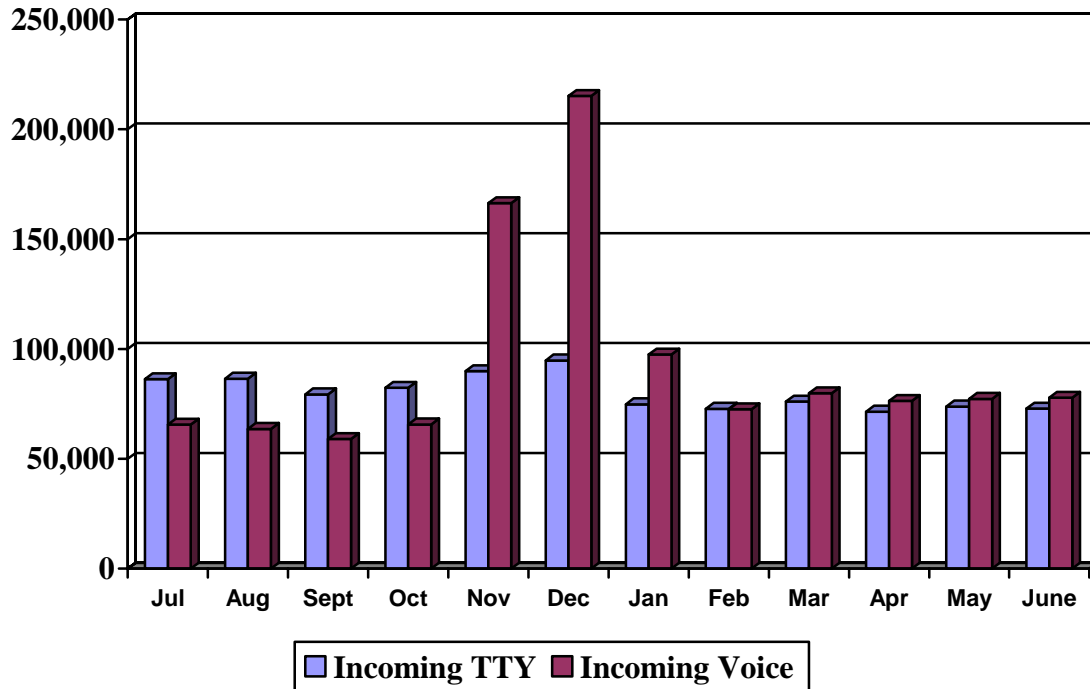
Monthly Incoming Calls by Type  
July 2005 – June 2006



## APPENDIX C

<b>Monthly Incoming TTY Calls vs. Incoming Voice Calls July 2005 – June 2006</b>		
	<b>Incoming TTY (Baudot+Turbo Code+ASCII)</b>	<b>Incoming Voice</b>
Jul	86,284	65,573
Aug	86,449	63,596
Sep	79,330	59,026
Oct	82,356	65,642
Nov	89,872	166,375
Dec	94,804	215,169
Jan	74,822	97,465
Feb	72,775	72,573
Mar	76,047	79,875
Apr	71,487	76,338
May	73,782	77,341
June	72,831	77,807
<b>Total</b>	<b>960,839</b>	<b>1,116,780</b>

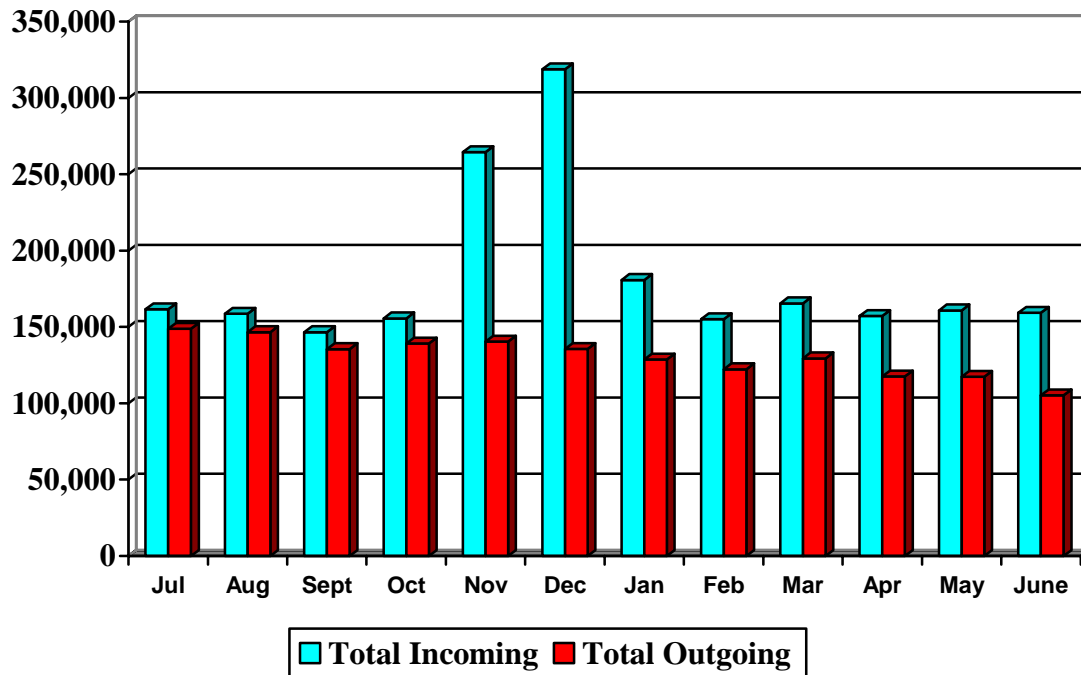
**Monthly Incoming TTY Calls vs. Incoming Voice Calls  
July 2005 - June 2006**



## APPENDIX C

<b>Monthly Incoming and Monthly Outgoing Calls July 2005 – June 2006</b>				
	<b>Total Incoming</b>	<b>Incomplete Outgoing</b>	<b>Complete Outgoing</b>	<b>Total Outgoing</b>
Jul	161,579	29,792	119,034	148,826
Aug	158,687	31,316	115,266	146,582
Sep	146,576	28,325	107,141	135,466
Oct	155,626	31,390	107,731	139,121
Nov	264,527	34,406	106,053	140,459
Dec	318,776	28,572	107,089	135,661
Jan	180,735	29,499	99,205	128,704
Feb	155,132	28,091	94,151	122,242
Mar	165,465	27,864	101,577	129,441
Apr	157,170	24,058	93,458	117,516
May	160,852	24,299	93,099	117,398
June	159,341	21,794	83,385	105,179
<b>Total</b>	<b>2,184,466</b>	<b>339,406</b>	<b>1,227,189</b>	<b>1,566,595</b>

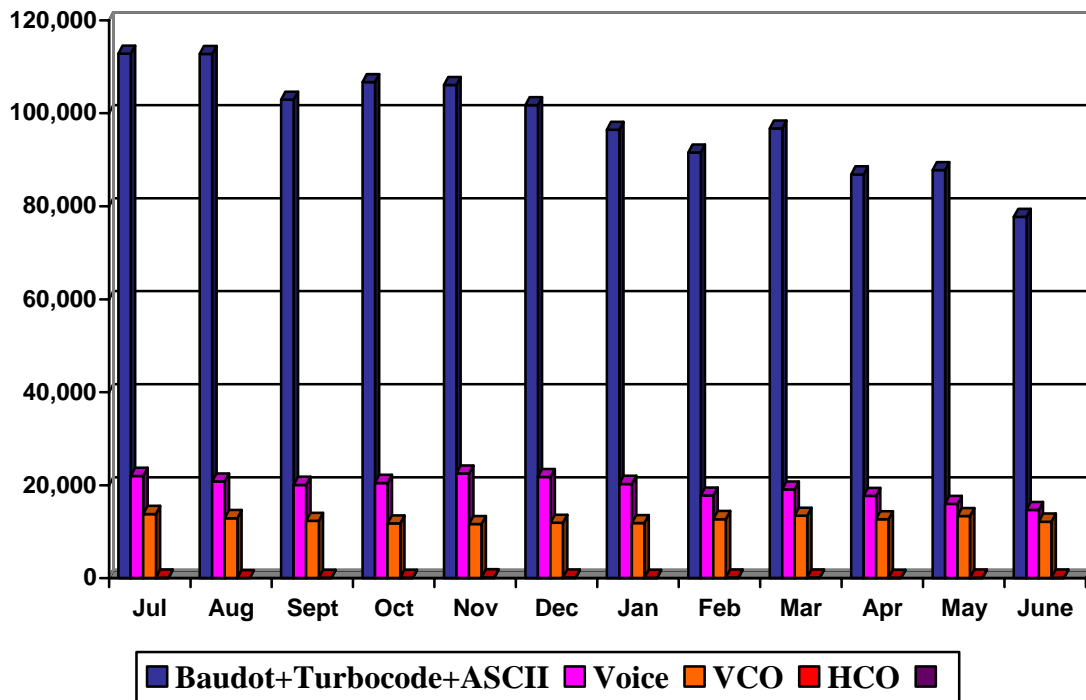
**Monthly Incoming Calls and Monthly Outgoing Calls  
July 2005 - June 2006**



## APPENDIX C

Monthly Outgoing Call Volume July 2005 – June 2006								
	Outgoing Baudot	TurboCode	Outgoing ASCII	Baudot +TurboCode +ASCII	Outgoing Voice	Outgoing VCO	Outgoing HCO	Total Outgoing
Jul	33,741	78,505	560	112,806	22,013	13,830	134	148,783
Aug	35,004	77,448	285	112,737	20,830	12,935	49	146,551
Sep	32,195	70,562	150	102,907	20,086	12,348	124	135,465
Oct	34,489	71,868	339	106,696	20,500	11,807	100	139,103
Nov	35,227	70,730	99	106,056	22,513	11,685	205	140,459
Dec	33,799	67,904	56	101,759	21,762	11,952	188	135,661
Jan	31,963	64,352	114	96,429	20,286	11,885	104	128,704
Feb	28,862	62,330	360	91,552	17,809	12,724	157	122,242
Mar	34,298	62,369	65	96,732	19,087	13,437	155	129,411
Apr	29,783	56,889	166	86,838	17,693	12,712	125	117,368
May	30,981	56,540	240	87,761	15,977	13,403	128	117,269
June	26,199	51,315	227	77,741	14,680	12,170	128	117,269
Total	386,541	790,812	2,661	1,180,014	233,236	150,888	1,597	1,578,285

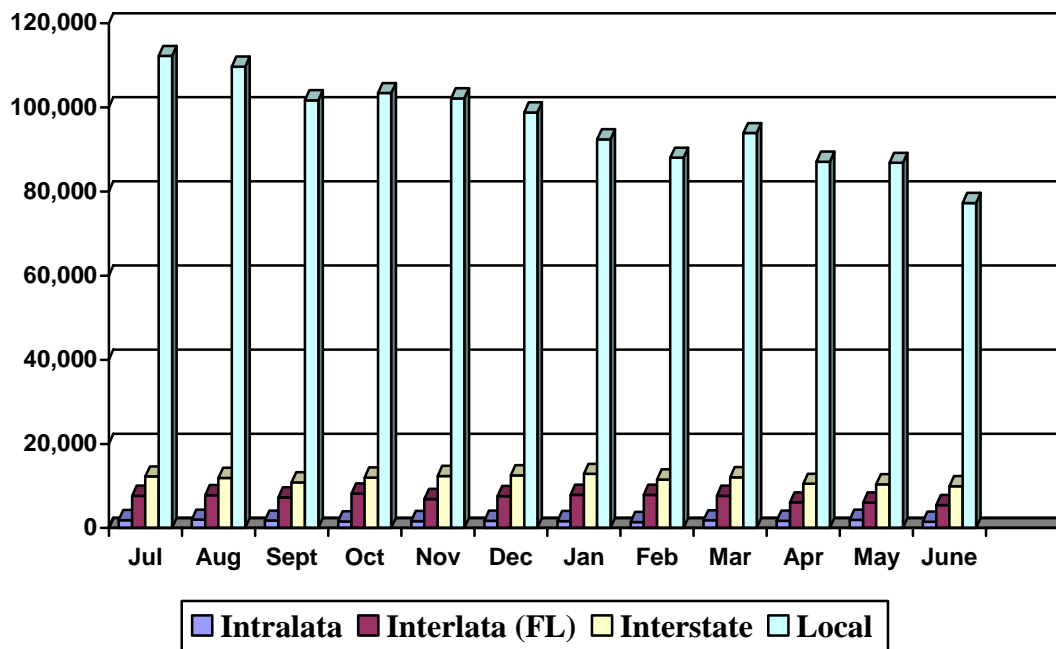
Monthly Outgoing Call Volume  
July 2005 - June 2006



## APPENDIX C

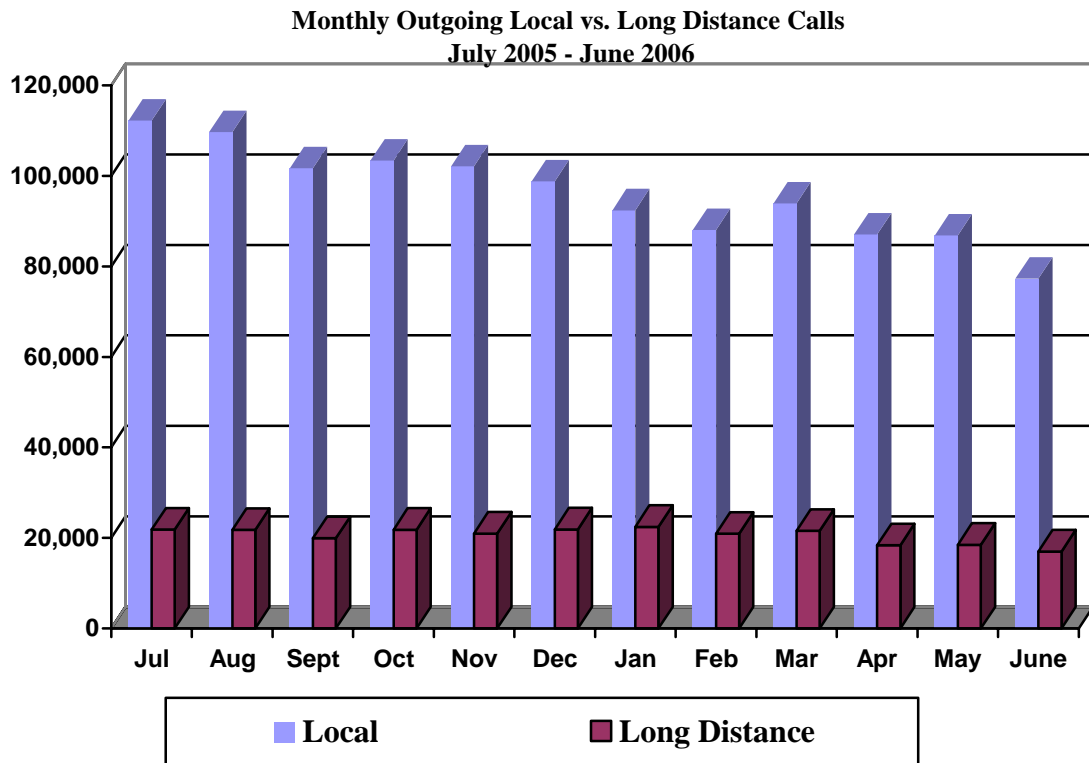
Monthly Outgoing Call Types July 2005 – June 2006							
	Local	Intralata	Interlata (FL)	Interstate	Toll Free	Misc. (COC,Dir Assistance, Internat'l)	Total Outgoing
Jul	112,236	1,861	7,652	12,256	14,133	688	148,826
Aug	109,697	1,989	7,805	11,922	14,513	656	146,582
Sep	101,686	1,753	7,246	10,868	13,281	632	135,466
Oct	103,413	1,546	8,215	11,979	13,261	707	139,121
Nov	102,132	1,626	6,884	12,379	16,788	650	140,459
Dec	98,789	1,699	7,590	12,500	14,282	801	135,661
Jan	92,390	1,606	7,890	12,862	13,276	680	128,704
Feb	88,041	1,438	7,875	11,520	12,780	588	122,242
Mar	93,901	1,832	7,660	12,048	13,391	567	129,399
Apr	87,055	1,731	6,094	10,503	11,500	633	117,516
May	86,823	1,962	6,056	10,397	11,538	562	117,338
June	77,296	1,485	5,443	9,941	10,368	646	105,179
Total	1,153,459	20,528	86,410	139,175	159,111	7,810	1,566,493

Monthly Outgoing Call Types  
July 2005 - June 2006



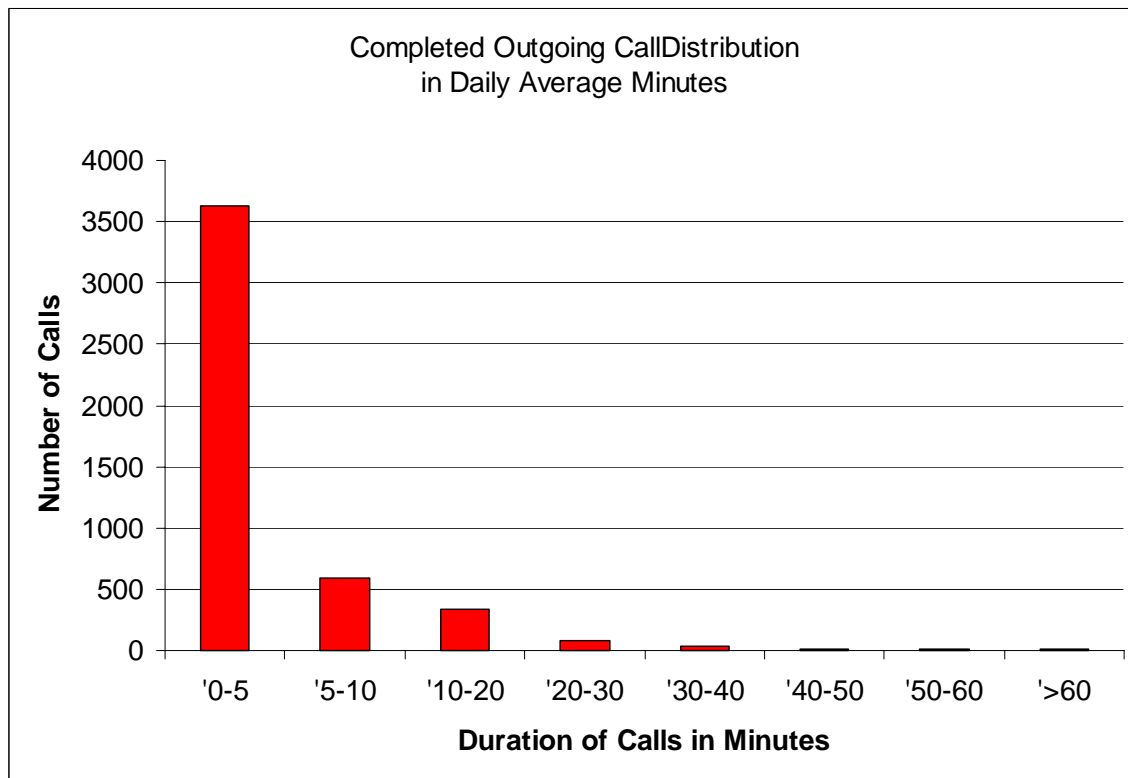
## APPENDIX C

Monthly Outgoing Local vs. Long Distance Calls July 2005 – June 2006						
	Local	Total Long Distance	Intralata	Interlata/ Intrastate	Interstate	International
Jul	112,236	21,833	1,861	7,652	12,256	64
Aug	109,697	21,766	1,989	7,805	11,922	50
Sep	101,686	19,915	1,753	7,246	10,868	48
Oct	103,413	21,801	1,546	8,215	11,979	61
Nov	102,132	20,948	1,626	6,884	12,379	59
Dec	98,789	21,886	1,699	7,590	12,500	97
Jan	92,390	22,444	1,606	7,890	12,862	86
Feb	88,041	20,903	1,438	7,875	11,520	70
Mar	93,901	21,580	1,832	7,660	12,048	40
Apr	87,055	18,364	1,731	6,094	10,503	36
May	86,823	18,475	1,962	6,056	10,397	60
June	77,296	17,009	1,485	5,443	9,941	140
Total	1,153,459	246,924	20,528	86,410	139,175	811



## APPENDIX C

<b>Completed Outgoing Call Distribution - In Daily Average Minutes July 2005 – June 2006</b>								
	<b>In Minutes</b>							
	<b>0-5</b>	<b>5-10</b>	<b>10-20</b>	<b>20-30</b>	<b>30-40</b>	<b>40-50</b>	<b>50-60</b>	<b>&gt;60</b>
Jul	2966	663	368	95	35	15	7	10
Aug	2869	668	376	97	34	15	7	9
Sep	2747	676	378	92	31	13	7	9
Oct	2694	610	369	86	32	14	6	8
Nov	2733	593	346	95	34	14	6	11
Dec	2680	586	330	91	32	14	7	9
Jan	2464	579	332	88	29	13	6	7
Feb	2593	588	332	82	29	12	6	7
Mar	2531	577	333	83	28	12	6	8
Apr	3140	528	297	75	26	11	5	7
May	3124	506	291	76	26	12	6	6
June	3134	507	294	76	26	12	5	6
Average	3,626	590	337	86	30	13	6	8

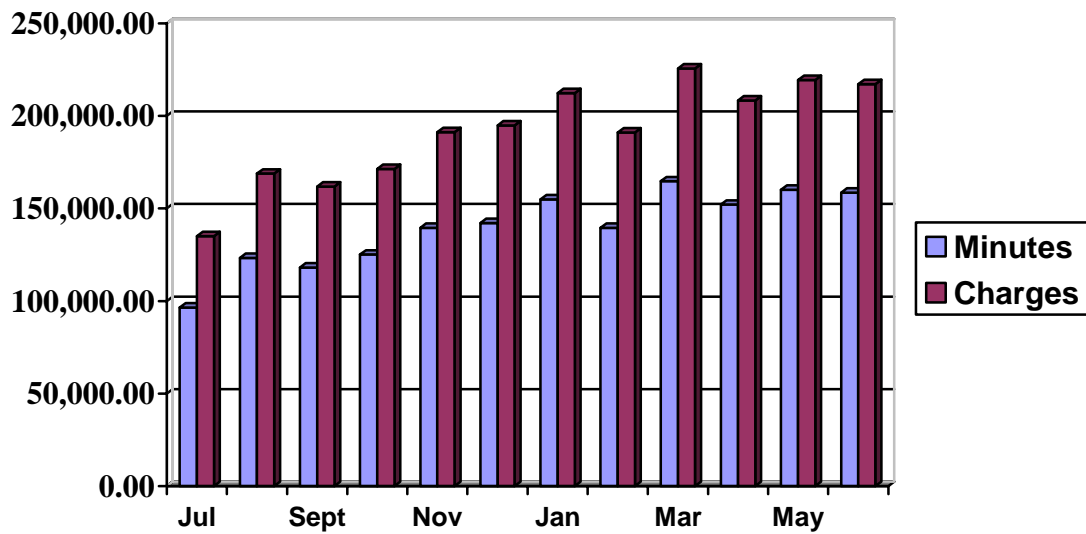




### CapTel Minutes and Charges

July 2005 – June 2006			
	Minutes of Use		Charges
Jul	96,452.58		135,033.61
Aug	123,234.17		168,830.81
Sep	118,101.52		161,799.08
Oct	125,084.40		171,365.63
Nov	139,577.88		191,221.70
Dec	142,194.18		194,806.03
Jan	154,921.52		212,242.48
Feb	139,481.25		191,048.21
Mar	164,687.19		225,621.45
Apr	152,057.47		208,318.73
May	160,166.91		219,428.67
June	158,496.65		217,140.41
Total	1,674,455.72	Total	2,296,856.81

### CapTel Minutes and Charges July 2005 - June 2006



**COMMISSION SUPPLEMENTAL COMMENTS FILED WITH THE FCC  
On July 20, 2006**

**Federal Communications Commission Further Notice of Proposed Rulemaking  
Regarding Video Relay Service and Internet Protocol Relay**

The Florida Public Service Commission (FPSC) submits these comments in response to the Federal Communications Commission (FCC) Further Notice of Proposed Rulemaking (FNPRM) regarding Telecommunications Relay Services (TRS) which the Federal Communications Commission (FCC) released on July 20, 2006. In this FNPRM, the FCC points out that “Section 225 provides that the costs caused by *interstate* Telecommunications Relay Services (TRS) “shall be recovered from all subscribers for every interstate service,” and the costs caused by the provision of *intrastate* TRS “shall be recovered from the intrastate jurisdiction.” Also noted in footnote 23 of the FNPRM is that the costs of providing *intrastate* video relay service (VRS) and IP Relay are presently paid on an interim basis only from the Interstate TRS Fund.

The FPSC believes the jurisdictional separation issues in Docket No. WC 04-36 (IP-Enabled Services) must be resolved before determining any jurisdiction and associated funding of VRS and IP Relay calls. Since VRS and IP Relay calls are Internet-based services, the FCC must first decide whether IP-Enabled Services are “telecommunications services” or “information services” before any allocation of intrastate and interstate responsibilities are attempted. Until such time, the FPSC believes these two services should continue to be compensated from the Interstate TRS Fund.

**Estimated Impact of Going Beyond the “Functional Equivalent” Requirement**

The term “telecommunications relay services” means telephone transmission services that provide the ability for an individual who has a hearing impairment or speech impairment to engage in communication by wire or radio with a hearing individual in a manner that is **functionally equivalent** to the ability of an individual who does not have a hearing impairment or speech impairment to communicate **using voice communication services** by wire or radio.<sup>7</sup> Although VRS and IP Relay may be beneficial services to the deaf and hard-of-hearing community, they go well beyond the **functional equivalent** requirement of conventional voice telephone services required by Title IV of the Americans with Disabilities Act (ADA).

The financial impact of Florida assuming VRS and IP Relay intrastate costs is substantial. The shifting of costs to the states would cause Florida to be responsible for intrastate IP Relay and VRS costs estimated between \$14 and \$16 million annually, causing Florida’s TRS surcharge to increase an estimated \$0.08-\$0.10 per month, per access line. Current Florida statutes cap the TRS surcharge at \$0.25 per access line.

---

<sup>7</sup> <http://www.fcc.gov/cgb/dro/title4.html>

### **IP Relay Fraud**

By Order DA 04-1738, released June 18, 2004, the FCC reminded the public of requirements regarding Internet relay services and issued an alert regarding the fraudulent use of IP Relay service. In Order FCC 06-58, released May 8, 2006, the FCC stated it is concerned about the impact that such misuse may have on the fund. They noted that since IP Relay calls began being compensated in 2002, the size of the fund has risen from approximately \$70 million to its present size of over \$440 million. (¶7)

The FPSC is also concerned about IP Relay fraud because if states assume responsibility for funding intrastate IP Relay, they would also be assuming unnecessary expenses due to fraud. IP Relay is sometimes being utilized by international users to purchase merchandise from businesses in the United States using fraudulent forms of payment. Because IP Relay calls are routed over the Internet and originate in a foreign country, it is difficult to determine the originating location and block the calls.

Sprint Relay, Florida's contracted TRS provider, indicated that it is able to block the domain address of an international fraudulent call once the source is determined, but the calls are then initiated again from a different domain address. The fraudulent calls last longer than legitimate calls and significantly increase the call volume, and consequently, the expense.

Florida's jurisdiction is limited to intrastate calls which makes it difficult for Florida to correct the occurrence of international IP Relay fraud. Using the current IP Relay compensation rate of \$1.293 per minute, staff has estimated that the Florida responsibility of IP Relay costs would be between \$4 million and \$5 million annually, which could include fraudulent costs. State funding of intrastate IP Relay calls must not be mandated until the FCC resolves the fraudulent use of IP Relay service.

### **IP Relay & VRS Jurisdictional Separation of Costs**

In Docket No. WC 04-36 (IP-Enabled Services), the FCC is currently considering jurisdictional issues related to Internet-based services, including whether these services are "telecommunications services" or "information services" and how to determine whether calls are interstate or intrastate. If IP-Enabled Services are determined to be informational services, then VRS and IP Relay should not be considered functionally equivalent to telecom communication services for relay purposes.

If the Commission determines in its IP Enabled Services docket that IP calls are interstate subject to the exclusive jurisdiction of the FCC, then IP Relay calls involving TRS or VRS should also be recovered solely as interstate calls. However, if the Commission finds that IP calls are subject to mixed jurisdiction, then the FPSC contends that that same ruling should be applied to the TRS or VRS subject to this FNPRM.

The current TRS surcharge in Florida is \$0.15 per access line which is used to fund the traditional TRS and equipment distribution system. VRS is an expensive service

to provide. The compensation rate for VRS is currently set at \$6.644 per minute.<sup>8</sup> Should the FCC mandate that states pay for the intrastate portion of VRS and IP Relay service, under its current statute, Florida would possibly experience a financial shortfall in relay surcharge revenue which would require a legislative change to the statute. Based on current usage of VRS and IP Relay in Florida, transferring VRS and IP Relay intrastate costs to Florida's TRS program would require an additional \$14-\$16 million per year, causing Florida's TRS surcharge to increase an estimated \$0.08 -\$0.10 per month, per access line. The FCC must resolve the issues in its IP-Enabled Services proceeding prior to determining the jurisdiction and funding of IP Relay calls.

### **Florida Statutes Regarding TRS**

Florida's ability to provide TRS under its current state statutes could be adversely impacted if the FCC requires the states to fund the intrastate portion of VRS and IP Relay. Currently, the Florida law has a cap of \$0.25 per access line per month on the surcharge for TRS. Section 427.704(4)(a)(1.), Florida Statutes, states:

[The commission shall] require all local exchange telecommunications companies to impose a monthly surcharge on all local exchange telecommunications company subscribers on an individual access line basis, except that such surcharges shall not be imposed upon more than 25 basic telecommunications access lines per account bill rendered.

Section 427.704(4)(b), Florida Statutes, further states:

[The commission shall] determine the amount of the surcharge based upon the amount of funding necessary to accomplish the purposes of this act and provide the services on an ongoing basis; however, in no case shall the amount exceed 25 cents per line per month.

As previously mentioned, should the FCC mandate that states pay for the intrastate portion of VRS and IP Relay service, Florida would possibly experience a financial shortfall in relay surcharge revenue which would require a legislative change to the current statute. Such a legislative change cannot happen overnight. If a decision is made to require states to assume intrastate VRS and IP Relay costs, the FCC must allow time for states to make legislative changes on TRS surcharges.

### **The Potential Impact on Competition in Florida**

Competition in Florida between providers of VRS and IP Relay may be diminished if the FCC mandates that VRS and IP Relay become required services of TRS in order to meet the FCC state certification requirements. Section 427.704(1), Florida Statutes, in part states:

---

<sup>8</sup> In the Matter of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities. CG Docket No. 03-123, DA 06-1345 Released June 29, 2006.

## APPENDIX D

[The commission shall] establish, implement, promote, and oversee the administration of a statewide telecommunications access system to provide access to telecommunications relay services by persons who are hearing impaired or speech impaired, or others who communicate with them. The telecommunications access system shall provide for the purchase and distribution of specialized telecommunications devices and the establishment of statewide single provider telecommunications relay service system which operates continuously. . . [emphasis added]

Consumers currently have a choice of several providers of VRS and IP Relay in Florida. Should the FCC mandate that VRS and IP Relay become part of TRS, Florida would have only one contracted provider pursuant to its current statute. In Order FCC 00-56<sup>9</sup>, the FCC affirmed its belief that competition among TRS providers is preferred, stating:

We agree with commenters that competitive forces are generally the preferred way to improve service quality and bring new services to customers. Although using a single vendor may not automatically lead to poor service quality, we believe that giving consumers a choice among different TRS providers might well improve the quality of TRS service in different states.

Inclusion of VRS and IP Relay in Florida's TRS contract could possibly eliminate competition for these services in Florida because there would not be a funding mechanism for the intrastate portion of the service for any provider other than the one under contract with the FPSC. To this end, the FPSC urges the FCC not to include VRS and IP Relay as mandatory services of TRS.

Alternatively, should the FCC include VRS and IP Relay as mandatory services of TRS or order that the states shall fund the intrastate portion of TRS and/or IP Relay, the FPSC requests that the FCC provide a waiver provision in the rule for states that have statutory conflicts with the proposed rule.

### **Conclusion**

In conclusion, the FPSC urges the FCC to consider the following points:

7. VRS and IP Relay go well beyond the functional equivalent of telecommunication services required by Title IV of the Americans with Disabilities Act (ADA) and should not be mandated services of TRS;
8. If VRS and IP Relay are mandated services of TRS, they should continue to be funded through the Interstate TRS Fund;

---

<sup>9</sup> CC Docket No. 98-67, In the Matter of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, FCC 00-56, Released March 6, 2000.

## APPENDIX D

9. If state funding of intrastate IP Relay calls is mandated, it should not occur until the FCC resolves the fraudulent use of IP Relay service;
10. The jurisdictional separation issues in Docket No. WC 04-36 (IP-Enabled Services) must be resolved before determining the jurisdiction and associated funding of VRS and IP Relay calls;
11. If a decision is made to require states to assume intrastate VRS and IP Relay costs, the FCC must allow time for states to make legislative changes on TRS surcharges; and,
12. Mandating VRS and IP Relay as part of the TRS program may eliminate competition for these services in Florida since, by statute, Florida can have only one relay service provider.